

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2355-08
Bill No.: SS for SCS for HB 1041 with SA's 1, 2, 3, and 4
Subject: Cities: Tourism Tax
Type: Original
Date: May 15, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	\$1,333	\$1,600	\$1,600
Total Estimated Net Effect on <u>All</u> State Funds	\$1,333	\$1,600	\$1,600

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$2,333	\$2,800	\$2,800

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** stated that this proposal expands the purposes for which local tourism taxes can be used, and would have no fiscal impact to DOR

Officials of the **Department of Economic Development- Division of Tourism** stated that this proposal would have no fiscal impact.

Oversight assumes this proposal is enabling legislation and would have no state fiscal impact. Local governments would have no fiscal impact without action of their governing body with local voter approval.

Certain local governments would have the option of using 35% of the tax collected for capital improvements. This proposal does not require the governing bodies of certain size cities to set aside 35% of tax collections for city capital improvements. Therefore, Oversight assumes there would be no local fiscal impact, without action by the city's governing body. Oversight will show no fiscal impact to state or local government.

Section 92.327 would increase the amount of transient guest tax from 6% to 7% and the tax on food from 13/4% to 2% provided the increase is approved by the voters. Oversight assumes this proposal does not mandate an increase in these taxes and would have no fiscal impact without action of the governing body with voter approval.

Oversight assumes the provisions of Section 1958 of this proposal that would allow the voters of a Community Enhancement District to modify the requirements of Sections 67.1956 and 67.1968 to have no fiscal impact. Oversight assumes that any fiscal impact would only occur with voter approval.

Section 620.467 Division of Tourism Supplemental Revenue Fund:

Oversight assumes based on a legal opinion, that Section 36 Article III, of the Missouri Constitution, provides that "all revenue collected and money received by the state shall go into the Treasury and the General Assembly shall have no power to divert the same or to permit the withdrawal of money from the treasury, except in pursuance of appropriations made by law." Section 28 of Article IV similarly provides that, "no money shall be withdrawn from the state treasury except by warrant drawn in accordance with an appropriation made by law." In addition, according to the State Treasurer, this proposal changes "the term "transfer" to deposit. It is the State Treasurer's opinion that the monies will still actually be transferred in from General Revenue and that this would still have to be an appropriated transfer from the General Revenue

ASSUMPTION (continued)

Fund.” Officials assume that the Division of Tourism is currently initiating this transfer/deposit, and will continue to do so.

Section 311.481 - Airline Club (Senate Amendment 3)

In response to identical legislation (SB 834) the following entities submitted the following statements:

Officials from the **Department of Public Safety - Division of Liquor Control (DLS)** state this proposal would allow their agency to issue a license for Sunday liquor by the drink at establishments within an international airport. The license fee for this would be \$200 annually.

DLS estimates that eight Sunday licenses will be issued as a result of this proposal. Therefore, DLS estimates that \$1,600 ($\200×8) will be generated annually by the bill. The revenue generated in FY 2003 is estimated to be \$1,333 ($\$1,600 \times 10/12$). DLS also assumes any cost associated with this proposal can be absorbed through existing appropriations.

DLS states that Section 311.220 RSMo allows cities to charge one and one half of the state liquor license fee amount, and the county to charge an equal amount of the state liquor license fee amount. Therefore, DLS estimates the Kansas City International Airport, estimated to have 4 licenses, would generate \$1,200 (4 licenses \times 1.5 times \times \$200) in annual revenue for the City of Kansas City, and \$800 (4 licenses \times \$200) in annual revenue for Platte County. DLS also estimates the St. Louis International Airport, estimated to have 4 licenses, would generate \$800 for St. Louis County, and \$0 city revenue since the St. Louis International Airport is not located within a city.

In response to similar legislation from this year, officials from the **City of Kansas City (CKC)** assumed this proposal would allow airlines, such as American Airlines and Delta Air Lines, to sell liquor by the drink in airline clubs (also called first class lounges) in Missouri's international airports (Kansas City and St. Louis). CKC assumes this proposal would result in annual city revenues of under \$1,000 from sales of licenses to businesses at the airport and for the employees who serve liquor. CKC also assumes the cost of issuance of the licenses will approximate the revenue generated, resulting in no net fiscal impact for the city.

Oversight assumes the city and county officials could issue the necessary liquor licenses with existing resources.

Sections 67.1800 - 67.1822 Taxicab Commission (Senate Amendment 2)

In response to identical legislation (Senate Bill 1108) the following statements were
ASSUMPTION (continued)

submitted :

Officials of the office of the **Director of Administration of St. Louis County** stated that the County currently sets licensing and inspection fees for taxicab administration and regulation with the goal of offsetting their costs of providing these services. Officials assume under this proposal St. Louis County would lose fee revenues, but would also lose responsibility for the corresponding regulatory costs. The net effect should be cost neutral to St. Louis County.

Officials of the **City of Kirkwood** assume no fiscal impact.

City of St. Louis did not respond, however, in a similar proposal from last session, (fiscal note 103-01, HB 557), officials assumed no fiscal impact.

Oversight assumes that the Regional Taxicab Commission would receive revenues from licenses, inspection fees, unexpended balances from existing city and county funds, etc., and would realize cost from inspections, code enforcement, and administration of the commission. Oversight assumes that in a given year, cost of administration of the commission would not exceed revenues, therefore, Oversight will show fiscal impact to the Regional Taxicab Commission as \$0. The City and County would lose revenues from inspection fees, licenses, etc., however, they would realize savings from the costs of code or ordinance enforcement, regulation, and administration. Oversight assumes loss of revenue and savings would equal resulting in no fiscal impact to the City and County. This proposal does not require an appropriation from the City or County to the Regional Taxicab Commission.

Section 407.610 - Tourist-Related Services (Senate Amendment 4)

Officials of the **Office of Attorney General** assume any cost related to this proposal could be absorbed with current appropriations and existing staff.

Section 67.1360.23 - Tourist Tax (Senate Amendment 1)

Oversight assumes this proposal is enabling legislation and would have no state fiscal impact. Local governments would have no fiscal impact without action of their governing body with local voter approval. This amendment would allow the City of Arnold to impose a transient guest tax to fund the promotion of tourism.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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GENERAL REVENUE

<u>Revenue</u> - Fees for Sunday by-the-drink liquor licenses at international airports (section 311.481)	<u>\$1,333</u>	<u>\$1,600</u>	<u>\$1,600</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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COUNTIES AND CITY

<u>Revenue</u> - Fees for Sunday by-the-drink liquor licenses at international airports (section 311.481)	<u>\$2,333</u>	<u>\$2,800</u>	<u>\$2,800</u>
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ST. LOUIS CITY AND COUNTY

(Sections 67.1800 to 67.1822)

<u>Savings</u> - to City and County loss of duties of taxicab administration, and regulation, code enforcement.	Unknown	Unknown	Unknown
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<u>Loss</u> of Revenue from taxicab licensing, and inspection fees, unspent fund monies (sections 67.1800 to 67.1822)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT TO ST. LOUIS CITY AND COUNTY	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**REGIONAL TAXICAB
COMMISSION**

Income- Regional Taxicab Commission

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
from licensing fees, inspection fees, unspent revenues, appropriations, etc.	Unknown	Unknown	Unknown
<u>Cost-</u> Regional Taxicab Commission taxicab regulation, inspection, and administration	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO REGIONAL TAXICAB COMMISSION (sections 67.1800 to 67.1822)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This act authorizes the governing body of the City of Festus and Arnold (Jefferson County) to place the question before the voters regarding imposition of a hotel-motel tax of between 2 and 5 percent for the promotion of tourism.

This act authorizes an increase to the hotel sales tax from 6 to 7 percent and the food sales tax from 1 3/4 to 2 percent for Poplar Bluff, Sikeston in Stoddard and Pemiscot counties. The increases must be approved by the voters of the jurisdiction. The revenue raised shall be for the purpose of funding tourism, international trade, and convention facilities.

This act allows cities with a population of less than one thousand five hundred inhabitants which have a tourism tax on transient guests to transfer forty percent of tourism funds into the city's general revenue fund and to transfer thirty-five percent into the capital improvements fund, pursuant to voter approval of the same. Under current law, twenty-five percent of the funds must be used for tourism marketing and promotional purposes. This change may only be done pursuant to voter approval.

The provisions of Section 1958 would allow a Tourism Community Enhancement District to modify the requirements of Sections 67.1956 and 1968 with the approval of the qualified voters of the district.

SECTION 311.481 Airport Club:

This proposal allows the Supervisor of Liquor Control to issue a retail license to sell intoxicating DESCRIPTION (continued)

liquor between the hours of 11:00 a.m. and midnight on Sunday to any establishment located in an international airport and owned or leased and operated by an airline. This license will cost \$200 in addition to all other fees required by law. City and county regulations and fees will also apply to the license.

SECTIONS 67.1800 to 67.1822 Taxicab Commission:

This act establishes a Regional Taxicab Commission for St. Louis City and County. The members of the commission would include representatives of the taxicab industry as well as appointees of the Mayor of St. Louis and the St. Louis County Executive.

The commission would be responsible for creating and implementing a taxicab code that would supersede all city and county ordinances related to the licensing of taxicabs. The act further lists the powers of the commission to carry out the provisions of the taxicab code.

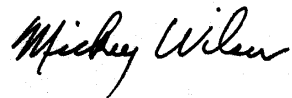
SECTION 407.610 - Tourist Related Services

This section would require any person that sells any tourist-related service where a consumer is required to provide any consideration other than monetary for such service to notify the Missouri Attorney General in writing of their intention not less than fourteen days prior to release of such services to the public. A tourist-related service is defined to include but is not limited to, selling or entering into contracts or other arrangements under which a purchaser receives a premium, coupon, or contract for car rentals, lodging, transfers, entertainment, sightseeing, or any service reasonably related to air, sea, rail, motor coach, or other medium of transportation directly to the consumer.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Department of Revenue
Department of Economic Development- Division of Tourism
State Treasurer's Office
Department of Public Safety - Division of Liquor Control
Kansas City Manager's Office
City of St. Louis
Director of Administration of St. Louis County
City of Kirkwood

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
May 15, 2002